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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3482
U-84198
(UT-923)

MAY 24 2007

Canyon Fuel Company, LLC
c/o Ark Land Company
HC 35 Box 380
Helper, Utah 84526
Attn: Mark Bunnell

Travis
c/04/0022

Re: Approval of Request to Continue Drilling Operations on Exploration License U-84198,
Muddy Creek Area, Sanpete and Sevier Counties, Utah

Dear Mr. Bunnell,

On November 1, 2006, the Bureau of Land Management (BLM) received a request from Ark Land Company, a subsidiary of Arch Coal, Inc., to continue exploration drilling on Exploration License UTU-84198 issued July 17, 2006. Difficult drilling and weather conditions hindered the completion of C-06 last drilling season. Drill sites A-06, D-06 and E-06 were never attempted. A revised completion schedule received April 27, 2007, detailing the activities to be conducted on license this season, is attached.

Consultation with the Manti-La Sal National Forest, the surface management agency, reaffirmed the need to survey the area for the presence of goshawks, sage grouse, and elk calving and fawning (incubation) activity. A raptor survey was conducted by Tetra Tech, Inc. of Salt Lake City, Utah, on May 14-17, 2007. This survey, of the remaining drill sites on this and adjacent license UTU-82202, the proposed flight lines, and other areas in which activities are proposed, was conducted in accordance with an amended raptor survey plan approved by the Manti-La Sal National Forest. No goshawks or sage grouse were observed within the project area (including flight lines) and no wildlife issues were observed/identified within the area of this year's activities.

RECEIVED

JUN 01 2007

DIV. OF OIL, GAS & MINING

The BLM approves the continuation of drilling on UTU-84198 pursuant to the license stipulations already in effect. All drilling and reclamation activities must be completed by July 16, 2008, at which time the license for this exploration will expire.

This decision may be appealed to the Interior Board of Land Appeals (IBLA), Office of the Secretary, in accordance with the regulations contained in 43 CFR Part 4, and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

JAMES F KOHLER

Chief, Branch of Solid Minerals

Enclosure

1. Form 1842-1

cc: District Ranger, Ferron/Price Ranger District, Manti-La Sal National Forest
Forest Supervisor, Manti-La Sal National Forest
Director of Mining, Utah Division of Oil Gas and Mining
Field Office Manager, Price Field Office

2007 Muddy License plan UTU-84198 5-21-07 GH-SA



Ark Land Company
c/o Canyon Fuel Co., LLC
Skyline Mines
HC35Box 380
Helper, Utah 84526
435-448-2633

BLM - UT - 950
2007 APR 27 AM 9:07

Apr. 23, 2007

Mr. Gregg Hudson
Bureau of Land Management
Utah State Office
PO Box 45155
Salt Lake City, Utah 84145-0155

Re: Continuation of drilling operations, Muddy Exploration License UTU-82202 (Hole E-05), and Muddy Exploration License UTU-84198 (Holes A-06, C-06, and D-06), Plan Summary

Dear Gregg:

As per our discussion, the following is a summary plan for resumption and continuation of operations on Exploration Licenses UTU-82202 and UTU-84198 in the Muddy area. A map of the plan is attached (Map 1).

1. Hole C-06 will be continued (redrilled) with a smaller truck-mounted wireline core rig. Since most of the waterline for C-06 is still in place we will likely set a pump via helicopter in Muddy Creek at the permitted location and continue providing water to C-06 as last year. To minimize traffic on the Big Ridge access route, particularly in wet conditions, some helicopter support will be utilized for moving of drill rod and other supplies to C-06. Upon completion of drilling, reclamation activities on Big Ridge will commence as permitted.
2. Hole E-05 will be continued with a skid-mounted wireline core rig the same as last year. This year we plan to set and support the rig with helicopter. We plan to continue traveling to the site along the temporary access route until the hole is completed. The access route will be reclaimed upon completion as per the permitted plan.
3. Hole D-06 will be drilled entirely with helicopter support. The currently-permitted access route will not be constructed. Waterline will be placed via helicopter and/or horse.
4. Hole A-06 will be drilled with helicopter support. The currently-permitted access route will not be constructed. We plan to utilize ATV's on the existing two-track trail for general access to the rig. Water will be pumped to the site from Quitchupah Creek. If, due to the low water year, Quitchupah Creek does not contain sufficient water, we will haul water from the frac tank at Muddy Creek to the tank at Quitchupah Creek for hole

A-06. Upon completion, the existing trail to A-06 will be reclaimed as per the permitted plan

5. Upon completion of the various hole locations, reclamation and waterline recovery will commence.

Up to two drill rigs will be utilized simultaneously. The currently planned drilling sequence is as follows:

- 1) Hole C-06 (truck rig) and Hole E-05 (heli-rig) drilled first
- 2) Upon completion of E-05, heli-rig moves to D-06
- 3) Upon completion of C-06, truck rig moved off and Big Ridge reclamation begins
- 4) Second heli-rig moved onto A-06 to be run by C-06 drill crew.

It is possible that holes E-05 and D-06 will not be drilled. In that event, the alternate waterline route to C-06 from Quitcupah creek may be utilized (Map 1).

Helicopter support will be utilized as much as possible to minimize hauling of heavy loads across the Big Ridge access route as well as eliminate the need for construction of access routes to D-06 and A-06.

If you have questions, please call me at 435-448-2633 (Skyline) or 435-286-4403 (Sufco).

Sincerely,



Mark Bunnell
Geologist
Encl.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE INTERIOR BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

- | | |
|--|--|
| 1. NOTICE OF APPEAL..... | A person served with the decision being appealed must transmit the notice of appeal in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a notice of appeal in time for it to be filed within 30 days after the date of publication (43 CFR 4.411 and 4.413). |
| 2. WHERE TO FILE NOTICE OF APPEAL.....

WITH COPY TO SOLICITOR... | Bureau of Land Management, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0151 or
Bureau of Land Management, Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101
and
Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111 |
| 3. STATEMENT OF REASONS

WITH COPY TO SOLICITOR..... | Within 30 days after filing the Notice of Appeal, File a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. If you fully stated your reasons for appealing when filing the Notice of Appeal, no additional statement is necessary (43 CFR 4.412 and 4.413).

and
Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111 |
| 4. ADVERSE PARTIES..... | Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the Notice of Appeal, (b) the Statement of Reasons, and (c) any other documents filed (43 CFR 4.413). If the decision concerns the use and disposition of public lands, including land selections under the Alaska Native Claims Settlement Act, as amended, service will be made upon the Associated Solicitor, Division of Land and Water Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240. If the decision concerns the use and disposition of mineral resources, service will be made upon the Associated Solicitor, Division of Mineral Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240. |
| 5. PROOF OF SERVICE..... | Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (43 CFR 4.401(c)). |
| 6. REQUEST FOR STAY..... | Except where program-specific regulations place this decision in full force and effect or provide for an automatic stay, the decision becomes effective upon the expiration of the time allowed for filing an appeal unless a petition for a stay is timely filed together with a <i>Notice of Appeal</i> (43 CFR 4.21). If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Interior Board of Land Appeals, the petition for a stay must accompany your notice of appeal (43 CFR 4.21 or 43 CFR 2804.1). A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the <i>Notice of Appeal</i> and Petition for a Stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay. Except as other provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards: (1) the relative harm to the parties if the stay is granted or denied, (2) the likelihood of the appellant's success on the merits, (3) the likelihood of immediate and irreparable harm if the stay is not granted, and (4) whether the public interest favors granting the stay. |

Unless these procedures are followed your appeal will be subject to dismissal (43 CFR 4.402). Be certain that all communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (43 CFR 4.401(a)). See 43 CFR Part 4, subpart b for general rules relating to procedures and practice involving appeals.

43 CFR SUBPART 1821--GENERAL INFORMATION

Sec. 1821.10 Where are BLM offices located? (a) In addition to the Headquarters Office in Washington, D.C. and seven national level support and service centers, BLM operates 12 State Offices each having several subsidiary offices called Field Offices. The addresses of the State Offices can be found in the most recent edition of 43 CFR 1821.10. The State Office geographical areas of jurisdiction are as follows:

STATE OFFICES AND AREAS OF JURISDICTION:

- Alaska State Office ----- Alaska
- Arizona State Office ----- Arizona
- California State Office ----- California
- Colorado State Office ----- Colorado
- Eastern States Office ----- Arkansas, Iowa, Louisiana, Minnesota, Missouri
and, all States east of the Mississippi River
- Idaho State Office ----- Idaho
- Montana State Office ----- Montana, North Dakota and South Dakota
- Nevada State Office ----- Nevada
- New Mexico State Office ----- New Mexico, Kansas, Oklahoma and Texas
- Oregon State Office ----- Oregon and Washington
- Utah State Office ----- Utah
- Wyoming State Office ----- Wyoming and Nebraska

(b) A list of the names, addresses, and geographical areas of jurisdiction of all Field Offices of the Bureau of Land Management can be obtained at the above addresses or any office of the Bureau of Land Management, including the Washington Office, Bureau of Land Management, 1849 C Street, NW, Washington, DC 20240.

